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IN THE

Supreme Court of the United States

October Term, 1975

No. 75-858

SHANKLIN CORPORATION,

Petitioner,

v.

SPRINGFIELD PHOTO MOUNT COMPANY,

Respondent.

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

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Respondent hereby opposes the petition for a writ of certiorari filed in this case.

Questions Presented

The questions presented by the petitioner fail to indicate their conditional nature, since, as questions concerning the obviousness standard of patentability under 35 USC 103, their significance is undermined by the fact that, even aside from the question of obviousness, the patent in suit is both invalid and unenforceable. Thus, they should include, as an implicit condition of each:

> Whether any error of the courts below concerning the issue of obviousness under 35 USC 103, if

it occurred, is not moot in view of the fact that, as found by the District Court, but erroneously reversed by the Court of Appeals, the patent in suit is anticipated by the prior art and hence invalid under 35 USC 102, and, as also found by the District Court, but not reached by the Court of Appeals, the patent in suit is unenforceable for patent misuse because of the plaintiff's tie-in sales.

Statement of the Case

This is a patent infringement suit based upon Shanklin patent 3,583,888 for Packaging Apparatus and Method. The suit was filed against the defendant Springfield Photo Mount Company, a customer of Weldotron Corporation, based upon a packaging machine which Springfield had purchased from Weldotron—but Weldotron has supplied the defense for its customer Springfield.

After a 4-day trial, a full briefing and proposed findings of fact and conclusions of law by both sides, the District Court, sitting without a jury, held the patent in suit to be invalid and unenforceable. 387 F.Supp. 345. The Court of Appeals affirmed the decision of invalidity, but declined to rule on the question of enforceability, and it thereafter denied a petition by the plaintiff for a rehearing. 521 F.2d 609.

While the petition to this Court is generally correct as to the subject matter of this suit, it contains several significant inaccuracies.

For example, the petition states that "Since the [wrapping] film is also heat shrinkable, it is imperative that the film be free of tension at the time of sealing . . . ". (Petition, p. 4) In the petitioner's briefs previously filed in this

suit, however, as well as its proposed findings of fact to the District Court, it is specifically noted that the wrapping film employed is "normally but not necessarily shrink film", and the opinion of the Court of Appeals is to the same effect. 521 F.2d 609, at p. 611. Thus, no critical condition can properly be predicated upon the heat shrinkable nature of the wrapping film, since the machine of the patent in suit is not limited to the use of such film.

The petition also states that the patentee fashioned a new inverting head (Pet., pp. 4, 6), whereas, in fact, the patentee's first construction of his invention used the same film folding head that he had used a year before, which was a standard configuration folding head, albeit of sheet metal with sharp edges. Thus, the District Court observed that the so-called inverting head was designated a folding head in Mr. Shanklin's initial notebook entries (387 F.Supp. 345, at p. 349), and Mr. Shanklin testified that:

> "A . . . the old sheet metal head tracked perfectly. There was nothing in the world wrong with the way the film would track over the head. It proved the point itself.
>
> The problem was, we had some manufacturing defects which caused the film to tear on the corners of the head. We then felt a round corner, a smoother head would be more advantageous. That is when I made the round head." (Trial Tr. 41)

Other areas of factual dispute involve the basis for the Examiner's allowance of the patent in suit, as will be discussed, the assertion of immediate commercial success, which was adequately discussed by the Court of Appeals (521 F.2d 609, at p. 619), and other assertions as will appear from the following statement of the operative facts of this case.

Automatic L-sealers* had been marketed by Weldotron long prior to the invention of the patent in suit. (DX-C, tab 2b; Tr. 122) These were so-called right-angle units, so named because of the right-angle path followed by the articles they wrapped. The wrapping film used in these units was called "folded" or "centerfolded" film, since it was folded longitudinally along its center line.

The wrapping film followed a straight line through these right-angle machines, with the open edge of the folded film facing the front of the machine—and the article to be wrapped approached the machine on a conveyor disposed in front of the machine, and at a right angle. The articles on the conveyor entered between the folds of the film and, once within the film, they were advanced along the film direction by a pusher bar (thus making a right-angle turn) to the sealing station.

In April of 1967, Mr. Shanklin was urged by his distributors to supply an automatic L-sealer, and he decided that rather than compete with the Weldotron right-angle version, he would make an "in-line" version, *i.e.* one in which the articles being wrapped would travel along a straight line and through the machine. (Trial Tr., pp. 11-12) This was to be accomplished by having the film travel along a right-angle path, and the articles travel a straight-line path into the folded film, rather than vice versa.

For some reason, however, Mr. Shanklin attempted to make an in-line machine using flat film, rather than the customary folded film, and to fold the flat film as it turned

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* L-sealers were initially manually operated seal bars which were L-shaped, and which were used to seal plastic wrapping film around articles. The manual units were followed by automatic units which were not just sealers, but complete packaging machines. They fed the wrapping film in a "folded" condition, sealed the front edge of the film to form a pouch-like shape, filled each such pouch with one or more articles and then sealed the remaining two open sides of the pouch with their L-shaped seal bars.

into the article path. He encountered some difficulty in the flat film slipping on the folding head as it turned into the article path, and after a very brief effort, dropped the project. A year later, at the next annual packaging show, he was again prodded by his distributors for an automatic L-sealer, and in response to this he decided to use folded film, with the same head he used the year before, and it worked fine. (Trial Tr., pp. 41-2) 521 F.2d 609, at p. 619.

When a patent application was filed for this Shanklin machine, the Patent Examiner rejected it principally on the basis of a prior art Deans patent 3,420,035 disclosing an in-line packaging machine using flat film—which, like Shanklin's brief efforts in 1967, folded the flat film as it turned a right angle into the article path.

Although the Examiner subsequently made this rejection "final", he later retreated from this position after Mr. Shanklin had a personal interview, and an amendment was filed asserting the Shanklin machine to be a "great improvement" over L-sealers of the prior art, with increased speed" of operation. The amendment also stated that Mr. Shanklin had initially tried to make an in-line machine using flat film and "It was not until many months after this unsuccessful experiment" that he conceived the solution of using folded film and an inverting head. (DX-D, pp. 64-5; Tr. 123)

In fact, however, as established at the trial of this case, there is no advantage in an in-line L-sealer over a right-angle version, either in speed, simplicity, ease of manufacture, or whatever. Indeed, once the articles to be wrapped are brought into position in front of the pusher bar, the two machines operate identically. 521 F.2d 609, at p. 619.

Thus, the assertions of a great improvement in operation and increased speed were untrue, and the assertion

that it was not until many months after his unsuccessful efforts that Mr. Shanklin conceived the folded film version was clearly misleading, in view of the fact that the project was held in abeyance during the entire time. 521 F.2d 709, at p. 619.

Notwithstanding, however, that the only in-line packaging machine the Patent Examiner cited was one which used flat film, and he was apparently convinced to retreat from his position by the applicant's unfounded claims, the record in this case shows three prior art references and four earlier or contemporaneous conceptions by others, which, like the Shanklin machine, achieve in-line article flow using folded film These are:

1. Runo patent 3,538,676, which shows the use of folded film in an in-line vertical packaging machine;* (DX-C, tab 8; Tr. 122)

2. a modified Runo machine, which is essentially the same as the machine of the Runo patent except that it advances the film by the weight of the material being packaged, and thus is closer to the Shanklin patent in this respect;* (Trial Tr., pp. 128-47)

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* The District Court found the Runo patent and the Runo modified machine anticipate the Shanklin claims, and, while the Court of Appeals disagreed, it agreed that the Runo machines used folded film in an inverting head, and that this was the "crux" of the Shanklin patent. 521 F.2d 609, at pp. 617-18. Thus, the long-standing two court rule applies as to this finding. *A & P Tea Co.* v. *Supermarket Corp.*, 340 U.S. 145, 153 (1950).

While the Shanklin machine is a horizontal machine, and is claimed as such, the patent in suit makes clear that the terms "horizontal" and "vertical" are used only with respect to an arbitrary internal reference plane, and are not limited to being horizontal or vertical with respect to the floor or any other outside reference plane. (Shanklin patent, col. 6, lines 6-11; DX-B; Tr. 122)

3. Moore patent 3,122,161, which shows an in-line tissue stacking machine using folded film, which neither court below relied upon (DX-C, tab 11; Tr. 122); 521 F.2d 609, at p. 620

4. a 1965 Deans' drawing showing the use of folded film in the machine of the Deans patent cited by the Examiner. (DX-C, tab 5a; Tr. 122) Both Mr. Deans and his coinventor, Mr. Pace, testified that they recognized in 1965 that folded film could have been used in their machine, rather than flat film, and they produced a drawing showing that they had initially proposed folded film. They also testified that they recognized that it was an easier task to use folded film—rather than designing a head which would fold flat film, as well as causing it to turn a right angle—but they opted for flat film since it was less expensive; (DX-E, F; Tr. 123-4)

5. a 1963 Davies' notebook entry and sketch showing another folded film version. (DX-C, tab 6; Tr. 122) Mr. Davies is the Secretary and Product Development Manager of the Oliver Machinery Company in Grand Rapids, the purchaser of the rights to the Deans machine. His notebook entry showing a folded film machine was long prior to his association with Deans or the Deans machine, and was in fact one of his first assignments in the packaging field; (DX-H; Tr. 124-5)

6. a 1965 Budzyn memo, by a Weldotron engineer, corroborated by the testimony of his superior, Mr. Zelnick, showing the same folded film machine configuration as in the Shanklin patent. (DX-C, tab 4; Tr. 122) The Court of Appeals described this machine as "an in-line automatic L-sealer with a roll of folded film turned inside out through an inverting 'tray'" 521 F.2d 609, at p. 619; and

7. a published German patent application 1,810, 230, filed some 4 to 5 months prior to the filing date of the Shanklin patent (and thus reflecting a contemporaneous development), showing a folded film in-line packaging machine for wrapping large industrial pallet loads. (DX-C, tab 10; Tr. 122) See *Reeves Brothers, Inc.* v. *U.S. Laminating Corp.*, 282 F.S. 118, 140 (EDNY 1968), *aff'd* 417 F.2d 869 (2 Cir. 1969).

ARGUMENT

I. Obviousness As A Question Of Law

The petitioner's first assertion is that both the District Court and the Court of Appeals erred in failing to pursue the factual inquiries directed by this court in *Graham* v. *John Deere Co.*, 383 U.S. 1 (1966), and, in addition, that the Court of Appeals erred in treating the obviousness standard of 35 USC 103 as a question of fact, rather than a question of law, and consequently limiting its scope of review to the "clearly erroneous" standard of Federal Rule 52(a).

In *Graham* v. *Deere*, this court stated that the obviousness standard of 35 USC 103 lends itself to the following basic factual inquiries:

> "... the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background the obviousness or unobviousness of the subject matter is determined." 383 U.S. 1, at p. 17

Also, the court observed that such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be considered as indicia of non-obviousness, citing Note, Subtests of "Nonobviousness": A Nontechnical Approach to Patent Validity, 112 U. Pa. L. Rev. 1169 (1964).

The above quotation appeared in both defendant's post-trial brief and proposed conclusion of law, along with an observation that this court has directed strict adherence to these factual inquiries, citing *Graham* v. *Deere,* 383 U.S. at p. 18; and *Anderson's Black Rock* v. *Pavement Co.,* 396 U.S. 57, 62 (1969). In addition, these factual inquiries formed separate headings of defendant's proposed findings of fact.

While *Graham* v. *Deere* was never mentioned by plaintiff in its arguments to the District Court, the directives of *Graham* were nevertheless closely followed throughout the trial of this case—by testimony as to what was done in the prior art, what the patentee did, what differences there were, if any, the significance of the differences, and the ordinary level of skill in the art as reflected by the prior art and prior and simultaneous conceptions of others. Moreover, the questions posed by the trial court showed the court to be especially sensitive to these factors. And its assessment of these factors is reflected in its opinion. 387 F.Supp. 345, at pp. 347 and 349-350.

Further, the dictates of *Graham* v. *Deere* were examined by the Court of Appeals, both as to the factual inquiries of the above-quoted passage and the so-called secondary considerations of long felt need, etc. 521 F.2d 609, at pp. 616, 619. See also *Columbia Broadcasting System* v. *Sylvania Electric Products, Inc.,* 415 F.2d 719, 726-27 (1 Cir. 1969), *cert. denied* 396 U.S. 1061 (1970), where the same Court of

Appeals recognized the "authoritative pronouncement" of *Graham* v. *Deere;* and *Colourpicture Publishers* v. *Mike Roberts Color Productions,* 394 F.2d 431 (1 Cir. 1968), *cert. denied* 393 U.S. 848 (1968), where this Court of Appeals reversed a summary judgment of the same trial judge and directed "strict observance" of the *Graham* v. *Deere* emphasis on the above factual inquiries. The court here contrasted *Colourpictures* with the situation of the present suit. 521 F.2d 609, at p. 620 (n. 14).

With regard to the question of whether obviousness is a question of fact or law, this court's statement in *Graham* v. *Deere* that "The ultimate question of patent validity is one of law" cannot be considered apart from its observation, in the same sentence, that obviousness involves several basic factual inquiries.

The factual inquiries quoted above from *Graham* v. *Deere,* as well as the secondary factors of immediate commercial success, etc., are clearly factual in nature. And it is upon this factual base that an ultimate determination of obviousness must rest. Moreover, where, as here, there is direct factual evidence of the level of ordinary skill in the art, and it involves precisely what the patentee claims to have been his contribution, little remains of a legal nature in the resolution of the obviousness question—unless the trier of facts so departs from the "basically constitutional" standard of 35 USC 103 as to render his decision subject to legal attack. See *Anderson's Black Rock* v. *Pavement Co., supra,* 396 U.S. 57, at p. 61.

Thus, it is respondent's view that the Court of Appeals was correct in its ruling that, in the context of this case, the trial court's finding of obviousness was a factual one, and thus subject to the limited review constraints of Federal Rule 52(a). However, even if this ruling was incorrect as

a general proposition, as to the ultimate determination of obviousness, certainly all of the component portions of the District Court's finding of obviousness were factual,* and the Court of Appeals review was consequently properly constrained to the clearly erroneous standard of Rule 52(a) as to these components—from which the ultimate determination of obviousness necessarily followed.**

Further, the issue of obviousness aside, as the District Court held, the Shanklin patent in suit is anticipated by the prior art Runo patent and the Runo modified machine, and hence invalid under 35 USC 102, and it is also unenforceable for patent misuse because of plaintiff's tie-in sales. 387 F.S. 345, at p. 350.

II. Relitigation Of Patent Validity

The second point raised by the petitioner is that if the requirements of *Graham* v. *Deere* were not followed in this case, the holding of invalidity would not be assertable as a defense in a future infringement action based upon the patent in suit—under the doctrine of collateral estoppel established in *Blonder-Tongue, Inc.* v. *University of Illinois Foundation,* 402 U.S. 313 (1971).

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* We note that the District Court made a specific finding that "I find as factually correct his opinion that 'the combination that forms the patent in suit' was not novel in 1968 but, on the contrary, was 'certainly obvious to quite a few people independently.'" 387 F. Supp. 345, at p. 350.

** Petitioner also contends, as it did in its petition for a rehearing before the Court of Appeals, that there was no findng of obviousness by the trial court on the basis of the Runo patent or machine, but only a finding of anticipation. The Court of Appeals is correct in both authority and reason, however, that a finding of anticipation is reviewable both as such and as a finding of obviousness—since the former clearly encompasses the latter. See *Popeil Brothers, Inc.* v. *Schick Electric, Inc.,* 494 F.2d 162, 167 (7 Cir. 1974).

While this concern hardly affects the present case, the simple answer is that, as discussed above, the dictates of *Graham* v. *Deere* were in fact followed throughout this case from the outset.

III. Obviousness Based On Statutorily Disqualified Non-Prior Art

The petitioner's third point concerns the significance of earlier or contemporaneous conceptions of others as evidence of obviousness, when these conceptions fall short of constituting statutory prior art. This argument has been raised by plaintiff at every opportunity in this case, but it has gained little force.

Indeed, what could be more relevant to the question of obviousness than the fact that others in the field, some of whom were beginners, or perhaps everyone in the field, when earlier or contemporaneously faced with the same problem suggested the same solution. See *International Glass Company* v. *United States*, 408 F.2d 395, 404-5 (Ct. of Claims 1969), where the court found that two contemporaneous conceptions, "though not part of the statutory prior art under 35 U.S.C. § 102, may be evidence under section 103 of the level of ordinary skill in the art", stating:

> "The problem of hindsight is greatly minimized in this case where there is evidence of the level of ordinary skill in the art and how those skilled in the art approached and solved problems. . . . Sciaronni and Speck, independently, and several years before the invention in suit was made conceived the idea. . . . They hit upon the idea immediately. . . . The fact of near-simultaneous invention, though not determinative of statutory obviousness, is strong evidence of what constitutes the level of ordinary skill in the

art." *International Glass, supra,* 408 F.2d 395, at pp. 404-5.

Also, see the cases cited in the Court of Appeals opinion in this case (521 F.2d 609, at p. 619), and the Note, Subtests of "Nonobviousness", *supra,* 112 U. Pa. L. Rev. 1169, at pp. 1180-1, cited with approval in *Graham* v. *Deere,* where the author states that:

> "Assuming an absence of intervening developments, identical solutions are highly persuasive evidence of obviousness."
>
> • • •
>
> "In appraising the probative weight of a simultaneous solution, the skill possessed by the simultaneous solver must be taken into account, for a solution which a novice could achieve would presumably have been obvious to one skilled in the art."

CONCLUSION

For the reasons stated, the petition for a writ of certiorari should be denied.

Respectfully submitted,

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